

**STATE OF MICHIGAN
MICHIGAN DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Enforcement Case No. 09-7139

**BBC Equities, LLC,
(d/b/a BBC Equities)
3000 Town Center, Suite 1700
Southfield, MI 48075**

**BBC Management, Inc.,
3000 Town Center, Suite 1700
Southfield, MI 48075**

**Bravata Financial Group, LLC,
(d/b/a Bravata Financial Group)
3000 Town Center, Suite 1700
Southfield, MI 48075**

Respondents.

_____ /

**Issued and entered
this 30th day of March 2009
by Stephen R. Hilker
Chief Deputy Commissioner**

ORDER TO CEASE AND DESIST

The Commissioner of the Office of Financial and Insurance Regulation ("OFIR"), pursuant to his statutory authority and responsibility to administer and enforce the Michigan Uniform Securities Act ("MUSA"), 1964 PA 265, MCL 451.501 *et seq.*, hereby orders **BBC EQUITIES, LLC, (d/b/a BBC EQUITIES), BBC MANAGEMENT, INC. and BRAVATA FINANCIAL GROUP, LLC, (d/b/a BRAVATA FINANCIAL GROUP)** to immediately **CEASE AND DESIST** from engaging in the offer and sell of securities without first obtaining a registration or registering to transact business as a broker-dealer or investment adviser and registering said securities under MUSA. Respondent is also notified of an opportunity to request a hearing on this matter.

broker-dealer or investment adviser and registering said securities under MUSA. Respondent is also notified of an opportunity to request a hearing on this matter.

I.

BACKGROUND AND FINDINGS OF FACT

1. Respondent BBC Equities, LLC, doing business as BBC Equities and also known as The Billionaire Boys Club (herein “BBC Equities”) is a Michigan limited liability company whose principle place of business is located at 3000 Town Center Dr., Suite 1700, Southfield, MI 48075.
2. Respondent BBC Management, Inc., (herein “BBC Management”) is a Michigan corporation incorporated pursuant to the provisions of 1972 PA 284, and the Business Corporation Act of Michigan based upon Articles of Incorporation filed with the Michigan Department of Energy, Labor and Economic Growth (formerly known as “Michigan Department of Labor and Economic Growth”), Bureau of Commercial Services dated June 27, 2007.
3. Respondent BBC Management’s principle place of business is 3000 Town Center Dr., Suite 1700, Southfield, MI 48075.
4. Respondent Bravata Financial Group, LLC, doing business as Bravata Financial Group (herein “Bravata”) is a Michigan limited liability company whose principle place of business is located at 3000 Town Center Dr., Suite 1700, Southfield, MI 48075.
5. BBC Equities, BBC Management and Bravata herein collectively referred to as the Respondents.
6. In January 2008, OFIR staff received information that Respondents were engaged in the business of offering and selling unregistered, nonexempt securities.
7. OFIR staff conducted a search to locate a broker-dealer registration pursuant to MUSA for BBC Equities, LLC doing business as BBC Equities. No active broker-dealer registration was found.
8. Respondent BBC Equities is not registered as a broker-dealer and is not authorized to transact business in this State as a broker-dealer unless registered or exempted under MUSA.
9. OFIR staff conducted a search to locate an investment adviser registration pursuant to MUSA for BBC Equities. No active investment adviser registration was found.

10. Respondent BBC Equities is not registered as an investment adviser and is not authorized to transact business in this State as an investment adviser unless registered or exempt under MUSA.
11. OFIR staff conducted a search to locate records of any securities registration or exemption filing pursuant to the MUSA in the matter of BBC Equities. No such records were found.
12. Respondent BBC Equities is not authorized to offer or sell securities in the State of Michigan under MUSA.
13. OFIR staff conducted a search to locate a broker-dealer registration pursuant to MUSA for BBC Management. No active broker-dealer registration was found.
14. Respondent BBC Management is not registered as a broker-dealer and is not authorized to transact business in this State as a broker-dealer unless registered or exempted under MUSA.
15. OFIR staff conducted a search to locate an investment adviser registration pursuant to MUSA for BBC Management. No active investment adviser registration was found.
16. Respondent BBC Management is not registered as an investment adviser and is not authorized to transact business in this State as an investment adviser unless registered or exempt under MUSA.
17. OFIR staff conducted a search to locate records of any securities registration or exemption filing pursuant to the MUSA in the matter of BBC Management. No such records were found.
18. Respondent BBC Management is not authorized to offer or sell securities in the State of Michigan under MUSA.
19. OFIR staff conducted a search to locate a broker-dealer registration pursuant to MUSA for Bravata Financial Group. No active broker-dealer registration was found.
20. Respondent Bravata Financial Group is not registered as a broker-dealer and is not authorized to transact business in this State as a broker-dealer or agent unless registered or exempt under MUSA.
21. OFIR staff conducted a search to locate an investment adviser registration pursuant to MUSA for Bravata Financial Group. No active investment adviser registration was found.

22. Respondent Bravata Financial Group is not registered as an investment adviser and is not authorized to transact business in this State as an investment adviser unless registered or exempt under MUSA.
23. OFIR staff conducted a search to locate records of any securities registration or exempting filing pursuant to the MUSA in the matter of Bravata Financial Group. No such records were found.
24. Respondent Bravata Financial Group is not authorized to offer or sell securities in the State of Michigan under MUSA.
25. Respondent BBC Equities offered and sold securities in Michigan in two known offerings known as BBC Equities "Private Equity Fund". The first, dated February 6, 2007, with aggregated gross proceeds of \$50,000,000.00 (fifty million dollars). The second dated, April 17, 2008, with aggregated gross proceeds of \$200,000,000.00 (two-hundred million dollars). Neither offering was registered or exempt from registration with the State of Michigan.
26. Respondent Bravata marketed, offered and sold unregistered, nonexempt securities to Michigan residents.
27. Respondents collectively promoted, offered to sell, and sold securities online via www.bbcequities.com and through free-lunch seminars conducted in the State of Michigan.
28. Respondents continue to solicit, offer and sell unregistered, nonexempt securities to Michigan residents in violation of MUSA.

II.

CONCLUSIONS OF LAW

WHEREAS, a security is defined in Section 401(z) of the Act, MCL 451.801(z), to include a note; stock; treasury stock; bond; debenture; evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement; collateral-trust certificate; or subscription; transferable share; investment contract; voting-trust certificate; or certificate of deposit for a security; or, any contractual or quasi contractual arrangement pursuant to which (1) a person furnishes capital, other than services, to an issuer; (2) a portion of that capital is subjected to the risks of the issuer's enterprise; (3) the furnishing of that capital is induced by the

representations of an issuer, promoter, or their affiliates which give rise to a reasonable understanding that a valuable tangible benefit will accrue to the person furnishing the capital as a result of the operation of the enterprise; (4) the person furnishing the capital does not intend to be actively involved in the management of the enterprise in a meaningful way; and (5) a promoter or its affiliates anticipate, at the time the capital is furnished, that financial gain may be realized as a result thereof; and,

WHEREAS, Section 301 of the Act, MCL 451.701, makes it unlawful for a person to offer or sell any security in the State of Michigan unless the security is: 1) registered under the Act, 2) an exempt security or transaction under Section 402 of the Act, or 3) a federally covered security; and,

WHEREAS, Respondents violated Section 301 of the Act where Respondents collectively promoted, offered to sell, and sold securities online via www.bbcequities.com and through free-lunch seminars conducted in the State of Michigan.

WHEREAS, Section 401(d) of the Act, MCL451.801 defines "broker-dealer" as any person engaged in the business of effecting transactions in securities for the account of others or for his or her own account; and,

WHEREAS, Section 201(a) of the Act, MCL 451.601, provides a person shall not transact business in this State as a broker-dealer or agent unless registered under the Act; and,

WHEREAS, Respondents violated Sections 201 and 401 where Respondents collectively promoted, offered to sell, and sold securities online via www.bbcequities.com and through free-lunch seminars conducted in the State of Michigan.

WHEREAS, Section 802(c) of the Act, MCL 451.802(c), provides that in any proceeding under this act, the burden of proving an exemption or an exception from a definition is upon the person claiming it; and,

WHEREAS, Respondents failed to offer sufficient proof pursuant to Section 802(c) that Respondents were exempted from registration pursuant to Regulation D.

WHEREAS, Section 408 of the Act, MCL 451.808, states that whenever it appears to the Administrator (Commissioner of the Office of Financial and Insurance Regulation) that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this act or any rule or order hereunder, it may in its discretion issue a cease and desist order or bring an action in a circuit court to enjoin the act or practices and to enforce compliance with this act or any rule or order hereunder; and

WHEREAS, Respondents offered and sold securities, i.e., an investment contract and/or participation interest of BBC Equities “Private Equity Fund” to Michigan residents; and

WHEREAS, the investment contracts and participation interests offered by Respondents, meets the definition of a security, as defined and listed in Section 401(z) of the Act, MCL 451.801(z); and

WHEREAS, Section 301 of the Act, MCL 451.701, provides that it is unlawful for any person to offer or sell any security in Michigan unless the security is: registered under the Act, the security or transaction is exempted under Section 402 of the Act, MCL 451.802, or the security is a federally covered security; and

WHEREAS, the securities offered and sold by Respondents do not meet any of the requirements listed in Section 301 of the Act, MCL 451.701; and

WHEREAS, Respondents therefore offered and sold securities in the State of Michigan in violation of Section 301 of the Act, MCL 451.701; and

WHEREAS, the Administrator finds this Order necessary and appropriate in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, the Administrator retains the right to pursue further administrative action against the Respondent should the Administrator determine that such action is necessary and appropriate in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, based on the foregoing, OFIR Staff recommends that the Administrator find that Respondent has engaged in acts and practices that violate Section 301 of the Act, MCL 451.701.

III.

ORDER

IT IS THEREFORE ORDERED, pursuant to Section 408 of the Act, MCL 451.808, and Section 409 of the Act, MCL 451.809, that:

1. Respondents shall immediately **CEASE AND DESIST** from violating Section 301 of the Act, MCL 451.701.
2. Respondents shall immediately **CEASE AND DESIST** from violating Section 201 of the Act, MCL 451.601.
3. Based upon Respondent's violations of the Act and because the Administrator finds that it would be in the public interest, any exemptions under Section 402(a)(1), (6), (7), (8), (9), (10), and 402(b) of the Act, MCL 451.802(a)(1), (6), (7), (8), (9), (10), and 451.802(b) for which Respondent might qualify, are hereby summarily denied or revoked for all purposes provided under Section 408(c) of the Act, MCL 451.808(c) including but not limited to Respondent's right to engage in transactions otherwise

exempt under Section 402(b) of the Act, MCL 451.802(b) in the future absent compliance with the registration provisions of the Act.

Failure to comply with this **ORDER** may subject you to a criminal penalty of not more than \$25,000 for each violation, or imprisonment of not more than 10 years, or both.

IV.

NOTICE OF OPPORTUNITY FOR HEARING

Section 408(b) of the MUSA, MCL 451.808, provides:

A person who has been ordered to cease and desist may file with the administrator within **15 days** after service on him or her of the order a written request for a hearing. The administrator within 15 days after the filing shall issue a notice of hearing and set a date for the hearing. If a hearing is not requested by the person or is not ordered by the administrator within 15 days, the order will stand as entered. The administrator shall hold the hearing in accordance with the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.328 of the Michigan Compiled Laws, and shall have all the powers granted thereunder. The administrator shall issue a decision sustaining, modifying, or dismissing the original order.

Should Respondent wish to request a hearing relating to the Chief Deputy Commissioner's Order to Cease and Desist, a hearing must be requested in writing within 15 days of the issuance of this Order. The request for a hearing must be addressed to:

Dawn Kobus, Hearings Coordinator
Office of Financial and Insurance Regulation
Ottawa State Office Building, Third Floor
611 West Ottawa Street
Lansing, Michigan 48933

Please be advised that any statements made are voluntary and may be used in any proceeding that may be held. If a hearing is requested, Respondent has the right at its expense to legal representation at the hearing. A licensed attorney must represent Respondents that are corporations or limited liability companies.


The Commissioner retains the right to pursue further administrative action against the Respondent should the Commissioner determine that such action is necessary and appropriate in

the public interest, for the protection of consumers, and consistent with the purposes fairly intended by the policy and provisions of the Act.

Any other communication regarding this Order should be addressed to the Office of Financial and Insurance Regulation, Attention: Amy Miilu, P.O. Box 30220, Lansing, Michigan 48909, Telephone: (517) 335-5872.

**OFFICE OF FINANCIAL AND
INSURANCE REGULATION**

Dated: 3/30/09



Stephen R. Hilker
Chief Deputy Commissioner